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June 22, 2005

By Courier and E-File

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station, 2<sup>nd</sup> floor  
Boston, MA 02202

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following information requests of the Department of Telecommunications and Energy:

DTE-11-1	DTE-11-2	DTE-11-3	DTE-11-4	DTE-11-5
DTE-11-7	DTE-11-8	DTE-11-12	DTE-11-13	DTE-11-14
DTE-11-15	DTE-11-16	DTE-11-18	DTE-11-19	DTE-11-20
DTE-11-41	DTE-11-42			

Please do not hesitate to telephone me with any questions.

Very truly yours,

Robert L. Dewees, Jr.

RLD/gs  
Enclosures

cc: Caroline O'Brien Bulger, Esq., Hearing Officer (1 copy)  
John Sullivan, DTE (7 copies)  
Andreas Thanos, Assistant Director, Gas Division  
Alexander Cochis, Assistant Attorney General (4 copies)  
Paul R. Osborne, Assistant Director, Rates and Revenue Requirements Division (1 copy)

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
ELEVENTH SET OF INFORMATION REQUESTS FROM THE D.T.E.  
D. T. E. 05-27

Date: June 22, 2005

Responsible: Earl M. Robinson

DTE-11-1      Refer to Exh. BSG/EMR-1, at 8. Describe the "physical inspections"  
process relied upon by Mr. Robinson.

Response:      The onsite meetings and physical inspections involved meeting both with  
the Company's corporate management as well as local management to  
obtain input relative to the major property components and information  
about what significant changes have occurred in the past and what  
changes are anticipated to occur in future years. In addition to these  
discussions, a physical walk through with operations personnel was  
conducted to obtain a better general understanding of the property and  
observe specific items of plant and to determine if additional research  
was required on any of the property items.

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DTE-11-2      Refer to Exh. BSG/EMR-1, at 8. Provide the dates on which Mr. Robinson toured the Company's physical plant as part of preparing the depreciation study presented in this proceeding.

Response:      The dates of site visits and physical inspections were November 1, 2004 and November 2, 2004.

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DTE-11-3      Refer to Exh. ESG/EMR-1 at 8. Provide a list of all the Company's  
operation centers "representative operations property" visited by Mr.  
Robinson.

Response:

Operation centers and/or plants visited include Lawrence, Springfield,  
Ludlow, and Brockton. See also the response to AG-5-4 which contains  
the notes related to Mr. Robinson's site visits.

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DTE-11-4      Refer to Exh. BSG/EMR-1, at 8. Provide the names and titles of the Company personnel who accompanied Mr. Robinson on his tour of the Company's physical plant.

Response:      Mr. Robinson was accompanied on the physical tours and/or met with the following Bay State operations management and field personnel:

Westborough:

Keith Dalton, Engineering Manager

Ed Collins, Engineering Supervisor

John Nerden, Construction Services Leader

Ludlow:

Dana Argo, Systems Operations Manager

Lawrence:

Bart Maderios, Operation Supervisor

Michael Laghetto, Operations Center Manager

Joseph Fiorante, Construction Supervisor

David Di Francesco, Field Operations Leader

Springfield:

Pam Bellino, Operations Center Manager

Robert Gillmeister, Operations Supervisor

Robert Tuthill, Meter Shop Team Leader

Brockton:

Francis W St. Cyr, Operations Center Manager

James Kelleher, Operations Supervisor

NISource Finance representatives, Kevin Sollie and Michael Pacifico, also joined Mr. Robinson on the tour. At each location, initial discussions were held with management after which facility inspections were completed.

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DTE-11-5      Refer to Exh. BSG/EMR-1, at 8. Provide a copy of all notes, memorandum or other written materials created during and as a result of Mr. Robinson's examination of the Company's physical plant and discussions with Company personnel.

Response:

Please see the response and files accompanying AG-5-4.

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DTE-11-7      Refer to Exh. BSG/EMR-1, at 10, line 10-14. Please describe the benefits of each of the following depreciation methods: Straight Line Method, Sum of the Years Digits Method and the Sinking Fund Method.

Response:

Following are comments describing each of the three listed depreciation methods.

Straight Line Method-

The method is almost universally used and accepted for utility book and regulatory depreciation.

The method is easily understood.

The method equally distributes the cost of the property over the useful life of the property being used by customers.

The method provides a matching of recovery of property to the consumption of the property

Sum of the Year Digits Method-

The method is an accelerated depreciation method more commonly used for income tax purposes.

The accelerated method produces a lower overall revenue requirements to customers

Sinking Fund Method-

The method is a recovery deferral method.



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DTE-11-8 Refer to Exh. BSG/EMR-1, at 12. Explain how the average service life of 1.64 years for this hypothetical plant is calculated.

Response: Please see the schedule below for the calculations of the ELG yearly service lives and depreciation rates. The average service life is equal the period of time in which the property is providing service. The calculation of ELG average service life is equal to the property group investment divided by the equal life group average service life weights, that is  $\$900/\$550=1.64$  years.

Illustration of Development of Equal Life Group Yearly ASL and Annual Depreciation Rate

<u>ELG Average Life Calculation</u>					<u>ELG Depreciaiton Rate Calculation</u>				
<u>Year</u>		<u>Investment</u>	<u>Recovery Period (Yrs)</u>	<u>ASL (Years)</u>	<u>Weight</u>	<u>Investment</u>	<u>Recovery Period (Yrs)</u>	<u>Annual Rate-%</u>	<u>Recover Amount</u>
1	Group # 1	300	1		300	300	1		300
	Group # 2	300	2		150	300	2		150
	Group # 3	300	3		100	300	3		100
	Total	900		1.64	550	900		61.11%	550
2	Group # 1	300	0		0	300	0		0
	Group # 2	300	2		150	300	2		150
	Group # 3	300	3		100	300	3		100
	Total	900		3.60	250	900		27.78%	250
3	Group # 1	300	0		0	300	0		0
	Group # 2	300	0		0	300	0		0
	Group # 3	300	3		100	300	3		100
	Total	900		9.00	100	900		11.11%	100